

JOHNSTOWN FARMS HOMEOWNERS ASSOCIATION INC.
RULES AND REGULATIONS
JOHNSTOWN FARMS

**RULES AND REGULATIONS
FOR
JOHNSTOWN FARMS HOMEOWNERS ASSOCIATION INC.**

I. INTRODUCTION

- A. **Purpose.** These Rules and Regulations for Johnstown Farms Homeowners Association Inc. (these “Rules”) are for the mutual benefit of all Owners. These Rules are designed to make living in Johnstown Farms a pleasant and harmonious experience. In addition, the Rules set forth in Section V hereof constitute the Association’s responsible governance policies, as required by Section 38-33.3-209.5(1)(b) of the Colorado Common Interest Ownership Act (the “Act”).
- B. **Defined Terms.** Capitalized terms used in these Rules but not defined herein shall have the meanings assigned to such terms as set forth in the Declaration of Covenants, Conditions and Restrictions for Johnstown Farms – Town of Johnstown, Weld County, Colorado, dated November 11, 2003, recorded in the real property records of Weld County, Colorado (the “Records”), on December 5, 2003, as amended by the First Amendment to Declaration of Covenants, Conditions and Restrictions for Johnstown Farms – Town of Johnstown, County of Weld, Colorado, dated as of January 23, 2004, recorded in the Records on February 4, 2004, as may be further amended from time to time (collectively, the “Declaration”).
- C. **Amendment of Rules.** These Rules may be supplemented, amended or repealed, in whole or in part, by the Board of Directors (the “Board”) of the Johnstown Farms Homeowners Association Inc. (the “Association”).
- D. **Additional Governing Documents.** In addition to these Rules, the terms, conditions and restrictions contained in the Declaration apply to all real property within the Community Area. The affairs of the Association are governed by the Articles of Organization of Johnstown Farms Homeowners Association Inc. (the “Articles”) and the Bylaws of Johnstown Farms Homeowners Association Inc. (the “Bylaws”), as those documents may be amended from time to time. In the event of any conflict between these Rules and the provisions of the Declaration, the provisions of the Declaration shall apply.
- E. **Enforcement of Rules.** The Association may enforce these Rules by any action deemed necessary by the Board. See Section IV, Violation of Rules, below concerning violations of these Rules.
- F. **Application of Rules.** These Rules shall apply to all Owners and all occupants, tenants, guests and invitees of any Lot. Any Lease on any Lot shall provide that the lessees and occupants of the leased Lot shall be bound by the terms of these Rules.

II. RULES

- A. **Maintenance of Community Area.** No property within the Community Area shall be permitted to fall into disrepair, and all property within the Community Area, including the Residences, fences, Improvements, and landscaping thereon, shall be kept and maintained in a clean, attractive, and sightly condition and in good repair. Each Owner shall be responsible for maintenance, repair, and upkeep of each Lot it owns and the Residence and other Improvements on such Lots.
- B. **Property Uses.** All Lots shall be used for private residential purposes. No Dwelling erected or maintained within the Community Area shall be used or occupied for any purpose other than for a Residence. Notwithstanding the foregoing:
1. Activities associated with the sale of Lots shall be allowed.
 2. In-home businesses not involving visits to the Community Area by customers or employees shall be allowed if permitted under applicable zoning and other regulations, so long as such activities are conducted solely within the Residences and do not create or result in any offensive or noxious activities, constitute a nuisance, or otherwise affect or jeopardize the character of the Community Area as a residential subdivision.
 3. As further described in Section 3.3.3 of the Declaration, Declarant (including Limited Declarants) may use any of the Lots for purposes of selling or marketing the Lots or Residences constructed or to be constructed on the Lots or for the purpose of housing construction trailers for use in connection with the construction of Residences on the Lots.
- C. **No Noxious or Offensive Activity.** No noxious or offensive activity shall be carried on upon any property within the Community Area, nor shall anything be done or placed thereon which is or may become a nuisance or cause an unreasonable embarrassment, disturbance, or annoyance to others. Declarant shall determine whether an activity is noxious or offensive in it sole discretion.
- D. **No Hazardous Activities.** No activity shall be conducted on and no Improvement shall be constructed on any property within the Community Area which is or might be unsafe or hazardous to any Person or property, including, without, limitation, the discharging of firearms and lighting of open fires (except in a contained barbecue unit while attended and in use for cooking purposes or within an interior or exterior fireplace designed to prevent the dispersal of burning embers).
- E. **No Unsightliness.** All unsightly conditions, structures, facilities, equipment, including snow removal equipment and garden or maintenance equipment, and objects shall be enclosed within a structure, except when in actual use. Declarant

shall determine whether a condition, structure, facility or equipment is unsightly in its sole discretion.

- F. **Holiday Decorations.** All seasonal decorations displayed on any Lot shall be removed within thirty (30) days following the applicable holiday or celebration. Owners shall consider neighbors when decorating for any holiday or celebration. The Association may establish more specific rules or guidelines concerning the display of holiday decorations.
- G. **Restrictions on Garbage and Trash.** No refuse, garbage, trash, lumber, grass, shrub or tree clippings, plant waste, compost, metal, bulk materials, scrap, refuse, or debris of any kind shall be kept, stored, or allowed to accumulate on any Lot except within an enclosed structure or appropriately screened from view, except that any container containing such materials may be placed outside at such times as may be necessary to permit garbage or trash pick-up and except that compost and composting materials shall not be subject to the foregoing restriction so long as they are kept in an appropriate, attractive container in an appropriate location that does not detract from the overall attractiveness of the Lot on which such container is placed.
- H. **Vehicle Repairs.** No maintenance, servicing, repair, dismantling, or repainting of any type of vehicle, boat, trailer, machine, or device may be carried on, except within a completely enclosed structure on a Lot which screens the sight and sound of the activity from the street and from other Lots.
- I. **Storage of Gasoline and Explosives, Etc.** No Lot shall be used for storage of explosives, gasoline, or other volatile and/or incendiary materials or devices. Gasoline or fuel for Owner's lawn mower, snowblower, and the like may be maintained on an incidental basis on the Lot in an aggregate amount not to exceed five (5) gallons. No elevated tanks or appurtenances of any kind shall be erected, placed, or permitted on any part of the Community Area.
- J. **Trailers, Campers, and Other Vehicles.**
 - 1. No boat, camper (on or off supporting vehicles), trailer, tractor, truck (other than a one ton or smaller pickup truck not used for commercial purposes), towed trailer unit, motorcycle, snowmobile, disabled, junked, or abandoned vehicle, motor home, mobile home, camper, recreational vehicle, or any other vehicle, the primary purpose of which is recreational, sporting, or commercial use, shall be parked or stored in, on, or about any Lot or street within the Community Area, except (a) within the garage with garage door closed except temporarily as required for entrance or exit of vehicles from such garage, (b) as permitted by Section II.B.3 hereof and (c) for construction vehicles during periods of construction on any property within the Community Area so long as they are not stored within the Community Area and are not parked within the Community Area

except temporarily as may be required for purposes of loading and unloading.

2. The Association shall have the right to enter any Owner's Lot to remove and store, at Owner's expense, any of the vehicles described in and in violation of Section J.1. above. If, within thirty (30) days after such removal and storage, such Owner fails to collect such vehicle from storage, with payment in full of all outstanding costs for removal and storage, the Association shall have the right to dispose of such vehicle by such manner as determined by the Association, in the Association's sole discretion. Owner shall be entitled to thirty (30) days' written notice prior to such action by the Association.
3. Parking of any motor vehicles and any of the vehicles and types of equipment listed above on public streets within the Community Area may be regulated or restricted pursuant to the Declaration and by the Association, Declarant, the Town, or any other governmental body with jurisdiction over the Community Area.

K. Restrictions on Mining or Drilling. No property within the Community Area shall be used for the purpose of mining, quarrying, drilling, boring, or exploring for or removing oil, gas, or other hydrocarbons, minerals, rocks, stones, gravel, or earth, except drilling, exploring for, or removing underground water by Declarant or any Person designated by Declarant.

L. Compliance with Insurance Requirements. Except as may be approved in writing by the Board, nothing shall be done or kept on property within the Community Area which may result in a material increase in the rates of insurance or would result in the cancellation of any insurance maintained by the Association. No Owner shall cause or permit a situation or condition to exist on that Owner's Lot which causes or might reasonably cause the insurance rates for neighboring Lots to be increased beyond those that would be applicable absent such situation or condition.

M. Further Subdivision of Lots.

1. No Lot may be subdivided into two or more separate parcels.
2. The boundaries and lot lines of any Lot shall not be changed or adjusted and no Owner shall give the Owner of any adjoining Lot the right to use any portion of any Lot for the purpose of effecting a lot line adjustment by easement, lease, or similar contrivance without the written approval of the Association approved by the Directors of the Association after public meeting where notice of such meeting has specifically identified the proposed lot line adjustment as an agenda item for such meeting and a copy of such notice has been given to all Owners.

3. Before any change or adjustment in boundaries or lot lines of Lots, the Owners of the Lots as to which the lot lines or boundaries are adjusted shall, at their expense, comply with all requirements of Section 38-33.3-212 of the Act, with all other applicable laws, and with any requirements which the Board of Directors of the Association shall impose in connection with their approval of such adjustment and in connection with compliance with such laws.

III. COMPLIANCE WITH LAW AND OTHER GOVERNING DOCUMENTS.

A. **Compliance.** Nothing shall be done or kept on any property within the Community Area in violation of any law, ordinance, rule, or regulation of any governmental authority or quasi-governmental entity having jurisdiction. Owners will comply with and conform to all applicable laws and regulations of the United States and the State of Colorado, and with all local ordinances, rules and regulations. In addition, Owners will at all times comply with the terms and conditions of the Declaration, the Bylaws, all rules and regulations promulgated by the Association and the Design Guidelines and Standards adopted by the Design Review Committee.

B. **Items Addressed in Design Guidelines and Standards.** Sections II, III and IV of the Design Guidelines and Standards address the following items and should be reviewed in connection with these Rules:

1. Construction of Improvements, including specific information regarding building type and design
2. Storage of building materials
3. Prohibition on temporary structures, including tents, shacks and satellite dishes
4. Storage sheds
5. Playground equipment
6. Decks
7. Fences
8. Air conditioning and heating equipment
9. Prohibition on use of reflective glass in Improvements
10. Annoying sounds or odors
11. Landscaping and weeds

12. Animals and dogs runs
13. Exterior painting
14. Exterior lighting
15. Hot tubs
16. Restrictions on signs and advertising
17. Restrictions on antennae, pipes, utility lines and transmitters
18. Maintenance of drainage, established drainage patterns and underdrain systems
19. Restoration of destroyed or damaged Improvements

IV. VIOLATION OF RULES

- A. **Violation.** If the Association determines that a violation of the Rules has occurred, the Association shall notify the applicable Owner in writing of the specific violation, which notice shall be given promptly upon the Association's discovery of the violation. The notice shall specify the particulars of the violation and such action to be taken to remedy the violation.
- B. **Appeal to Board of Directors.** If the Association gives any notice of violation, the Owner may appeal to the Board by giving written notice of such appeal to the Board and the Association within thirty (30) days after receipt of the notice of violation by the Owner. If, after a notice of violation, the Owner fails to submit a timely appeal to the Board or fails to commence diligently to remedy such violation, the Association shall request a finding of violation by the Board by giving written notice of such request to the Association and the Owner within sixty (60) days after delivery to the Owner of a notice of violation from the Association. In either event, the Board shall hear the matter in accordance with the provisions of the By-Laws, and the Board shall decide whether or not there has been such violation and, if so, the nature thereof and the estimated cost of correcting or removing the same.
- C. **Correction of Violation.** The Owner shall remedy the violation within thirty (30) days after notification thereof by the Association, or, if a timely appeal to the Board was submitted by the Applicant or a request for a finding of violation was submitted to the Board by the Association, within a period of not more than forty-five (45) days from the date of receipt by the Owner of the ruling of the Board. In addition, if the Owner does not comply with the Board ruling within such period, the Board may, at its option, assess a fine of up to \$25.00 per day until such violation is corrected, record a Notice of Violation against the Lot(s) on which the violation exists, may enter upon such Lot(s) and remove the violating Improvement to Property, and/or may otherwise remedy the violation, and the

Owner shall reimburse the Association, upon demand, for all expenses incurred therewith. If such expenses and fines are not promptly repaid by the Owner to the Association, the Board may levy a Specific Assessment against the Owner of the Lot for such costs and expenses. The right of the Association to remedy or remove any violation shall be in addition to all other rights and remedies which the Association may have at law, in equity, or under the Declaration. The Owner of the Lot shall have no claim for damages or otherwise on account of the entry upon the property and correction of violation or removal of the violating Improvement to Property.

- D. **Additional Actions.** In addition to the remedies provided in this Section IV, the Association shall have the power to enforce these Rules by any one or more of the following means: (i) by entry upon any property within the Community Area, without liability to the Owner thereof, for the purpose of enforcement or causing compliance with the Rules; (ii) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of the Rules, by mandatory injunction or otherwise; (iii) by commencing and maintaining actions and suits to recover damages for breach of any of the provisions of the Rules; (iv) by suspension of the voting rights of a Member during and for up to sixty (60) days following the cure of any breach by such Member or a Related User of the Rules; and (v) by levying and collecting a Specific Assessment against any Member for breach of the Rules by such Member or Related User.

V. RESPONSIBLE GOVERNANCE POLICIES

- A. **Collection of Unpaid Assessments.** The Association's responsible governance policy regarding the collection of unpaid assessments, as required by Section 38-33.3-209.5(1)(b)(I) of the Act, is located in Article 8 of the Declaration.
- B. **Handling of Conflicts of Interest Involving Board Members.** The Association's responsible governance policy regarding the handling of conflicts of interest involving Board members, as required by Section 38-33.3-209.5(1)(b)(II) of the Act, is as follows:

No loans shall be made by the Association to a member of the Board (a "Director") or officers.

No contract, transaction, or other financial relationship between the Association and a Director, or between the Association and a party related to a Director, or between the Association and an entity in which a Director of the Association is a director or officer or has a financial interest (a "Conflicting Interest Transaction") will be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by a Member or by or in the right of the Association, solely because the Conflicting Interest Transaction involves a Director or a party related to a Director or an entity in which a Director is a director or officer or has a financial interest or solely because the Director is

present at or participates in the meeting of the Board that authorizes, approves, or ratifies the Conflicting Interest Transaction or solely because the Director's vote is counted for such purpose if: (i) the material facts as to the Director's relationship or interest and as to the Conflicting Interest Transaction are disclosed or are known to the Board, and the Board in good faith authorizes, approves, or ratifies the Conflicting Interest Transaction by the affirmative vote of a majority of the disinterested Directors, even though the disinterested Directors are less than a quorum; or (ii) the material facts as to the Director's relationship or interest and as to the Conflicting Interest Transaction are disclosed or are known to the Members entitled to vote thereon, and the Conflicting Interest Transaction is specifically authorized, approved, or ratified in good faith by a vote of the Members entitled to vote thereon; or (iii) the Conflicting Interest Transaction is fair as to the Association. Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board which authorizes, approves, or ratifies the Conflicting Interest Transaction.

For purposes of this Section B, a "party related to a director" shall mean a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the director or a party related to a director has a beneficial interest, or an entity in which a party related to a director is a director, officer, or has a financial interest.

- C. **Conduct of Meetings.** The Association's responsible governance policy regarding the conduct of meetings, as required by Section 38-33.3-209.5(1)(b)(III) of the Act, is located in Section 2 of the Bylaws, as to meetings of the Members, and Section 4 of the Bylaws, as to meetings of the Board.
- D. **Enforcement of Covenants and Rules; Notice and Hearing Procedures.** The Association's responsible governance policy regarding the enforcement of covenants and rules, including notice and hearing procedures and the schedule of fines, as required by Section 38-33.3-209.5(1)(b)(IV) of the Act, is located in Section 3 of the Bylaws.
- E. **Inspection and Copying of Association Records.** The Association's responsible governance policy regarding inspection and copying of Association records by unit owners, as required by Section 38-33.3-209.5(1)(b)(V) of the Act, is located in Section 7 of the Bylaws.
- F. **Investment of Reserve Funds.** The Association's responsible governance policy regarding the investment of reserve funds, as required by Section 38-33.3-209.5(1)(b)(VI) of the Act, is as follows:

In order to minimize the amount of contributions, the Board shall invest the reserve funds of the Association in a reserve account ("Reserve Account") so as to generate interest revenue that will accrue to the Reserve Account balance. All investments shall be in the name of the Association, shall not be commingled with the Association's general operating account, and unless otherwise approved by a

majority of the votes of the membership, shall be FDIC insured or otherwise guaranteed by the United States Government. The Board may hire an investment counselor to assist in formulating an investment plan. The Board shall review the Reserve Account investment plan at least annually to ensure that the funds are receiving competitive yields, and shall be authorized to make prudent adjustments as needed. All checks drawn on the Reserve Account shall require the signature of no fewer than two officers of the Association or two authorized members of the Board.

- G. Procedures for the Adoption and Amendment of Policies, Procedures and Rules.** The Association's responsible governance policy regarding procedures for the adoption and amendment of policies, procedures and rules, as required by Section 38-33.3-209.5(1)(b)(VII) of the Act is located in Article 6 of the Declaration.
- H. Procedures for Addressing Disputes arising between the Association and Owners.** The Association's responsible governance policy regarding procedures for addressing disputes between the Association and Owners, as required by Section 38-33.3-209.5(1)(b)(VIII) of the Act is located in (i) Sections 6.16, 11.13, 11.15, 11.16 and 11.18 and Article 8 of the Declaration, and (ii) Section IV of these Rules.